

Article VI. Financial Procedures

§ 6.01. Fiscal year.

The fiscal year of the town begins on the first day of July and ends on the last day of June following. (Ord. No. 14-77, 10-4-77; Amended by vote of the people 11-7-17)

§ 6.02. Submission of proposed budget and budget message.

At least 45 calendar days before the beginning of the fiscal year, the manager must submit to the council the complete proposed town budget for all the departments, including the school department for the ensuing fiscal year, and an accompanying message. (Ord. No. 14-77, 10-4-77; amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)

§ 6.03. Proposed budget message.

The manager's message is to explain the proposed budget both in fiscal terms and in terms of the work programs. It must outline the proposed financial policies of the town for the ensuing fiscal year, describe the important features of the proposed budget, indicate any major changes from the current year in financial policies, expenditures and revenues together with the reason for such changes, summarize the town's debt position and include such other material as the manager deems desirable. (Amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)

§ 6.04. Proposed budget.

(1) The proposed budget must provide a complete financial plan of all town funds and activities for the ensuing fiscal year and, except as required by law or this charter, be in such form as the manager deems desirable or the council requires. In organizing the proposed budget the manager must utilize the most feasible combination of expenditure classifications by fund, organization unit, program, purpose or activity, and object. It is to begin with a clear general summary of its contents; show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and be so arranged as to show comparative figures for actual and estimated income and expenditures of the preceding year. It must indicate in separate sections: Amended by vote of the people 11-7-17)

(a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by offices, departments and agencies in terms of their respective work programs, and the method of financing such expenditures;

(b) Proposed capital expenditures during the ensuing fiscal year, detailed by offices, departments and agencies when practicable, and the proposed method of financing each such capital expenditure; and

(2) The total of proposed expenditures may not exceed the total of estimated income. (Amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)

§ 6.05. Capital program.

(1) Submission to manager. The town manager shall prepare and submit to the council a 5-year capital program at least 90 calendar days prior to the final date for submission of the proposed budget. (Amended by vote of the people 6-11-02; Amended by vote of the people 11-7-17)

(2) Contents. The capital program must include: (Amended by vote of the people 11-7-17)

(a) A clear general summary of its contents;

(b) A list of all capital improvements which are proposed to be undertaken during the 5 fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements;

(c) Cost estimates, method of financing and recommended time schedules for each such improvement; and

(d) The estimated annual cost of operating and maintaining the facilities to be constructed or acquired.

(e) Recommendations to fund improvements in the established capital program dedicated reserve account; any proposed multi-year capital bonds for voter approval; or, any to be addressed as a separate budget line item to be fully funded in the ensuing fiscal year with voter approval. Debt service for voter-approved capital bonds and capital improvement program dedicated reserve funds are annual appropriations. (Amended by vote of the people 11-7-17)

(3) Capital program requirements approved by council to be entirely funded in the ensuing fiscal year, as a separate budget account line item outside the capital program dedicated reserve account, must be submitted to the qualified voters of the town after a public hearing, at a regular or special election, or town meeting as prescribed herein, and are obligated provided a majority of the legal votes cast in such election are in the affirmative. (Amended by vote of the people 11-7-17)

(4) The above information may be revised and extended each year with regard to capital improvements still pending or in process of construction or acquisition. (Amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)

§ 6.06. Council action on proposed budget.

(1) Notice and hearing. The council shall publish as soon as possible on the Town's web site, and post in the Municipal Offices, the Kittery U.S. Post Office(s) in Kittery and Kittery Point, the Community Center, and the Resource Recovery Facility, the general summary of the proposed budget and a notice stating: (Amended by vote of the people 11-7-17)

(a) The times and places where copies of the message and proposed budget are available for inspection by the public, and

(b) The time and place, not less than 14 calendar days after such publication/posting, for a public hearing on the proposed budget. (Amended by vote of the people 11-3-15)

(2) Amendment before adoption. After the public hearing, the council may adopt the proposed budget with or without amendment. In amending the proposed budget, it may add or increase programs or amounts and may delete or decrease any program or amounts, except expenditures required by law or for debt service or for estimated cash deficit, provided that no amendment to the proposed budget increases the authorized expenditures to an amount greater than the total of estimated income. (Amended by vote of the people 11-7-17)

(3) Adoption of budget and appropriation. The council shall adopt the budget on or before the first day of July. If it becomes evident to the council that the budget cannot be adopted on or before the first day of July the council may by resolution extend the adoption deadline by one month. During this one month extension the amount appropriated for operation for the previous year is deemed adopted for the current fiscal year with all items in it prorated on the basis of one-twelfth of the previous year's appropriation. After such extension, if the council does not adopt the budget on or before the first day of August the budget is deemed adopted for the ensuing fiscal year as presented. As an exception to this rule final action on the school budget, only, may be deferred to a later date which may have been mandated for that year by the state legislature or the state board of education, and the school department must continue to operate on the basis of one-twelfth of the previous year's budget per month until final action is taken. (Amended by vote of the people 11-7-17)

(a) The budget is effective on the first day of July or immediately upon adoption, whichever is later. The amounts stated in the budget as the amount to be raised by property tax constitute a determination of the amount of the levy for the purposes of the town in the corresponding tax year and becomes effective on the effective date of the budget or upon the date of final action on the school budget if such date be later. A copy of the entire budget as finally adopted must be certified by the manager and filed with the town assessor, whose duty it is to levy such taxes for the corresponding tax year. (Amended by vote of the people 11-7-17)

(b) Adoption of the budget constitutes adoption of an ordinance appropriating amounts specified therein from the funds indicated. (Amended by vote of the people 11-7-17)

(4) Tax levy. The tax levy must be adopted by council resolution. (Ord. No. 14-77, 10-4-77; amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)

§ 6.07. Bond issues; ballots.

(1) All capital projects which the council, by ordinance, proposes to finance through the issuance of bonds must be submitted to the qualified voters of the town at a regular or special election, after public hearings in the manner and form prescribed in § 2.14 and by law, and become effective 30 days after such election, provided a majority of the legal votes cast in such election are in the affirmative. (Amended by vote of the people 11-7-17)

(2) The town clerk shall prepare the necessary ballots for said election.

(3) The question for each project proposed must be as follows: (Amended by vote of the people 11-7-17)

“Shall the Town of Kittery council be authorized to issue bonds in a total amount not to exceed for the purpose of”

Yes.... No.... (Amended by vote of the people 6-11-02)

(4) The municipal treasurer shall prepare a signed statement which must be printed on or accompany each ballot. The statement must set forth: (Amended by vote of the people 11-7-17)

(a) The total amount of bonds of the municipality outstanding and unpaid; the total amount of bonds of the municipality authorized and unissued; the total amount of bonds of the municipality contemplated to be issued if the project(s) submitted receive voter approval; and the bonding limit of the municipality;

(b) A brief and general description of each project together with an estimate and explanation of costs involved including varying interest rates, the estimated cost of interest on the bond amount to be issued, the total cost of principal and interest to be paid at maturity and any other substantive information relating to the debt of the municipality as the treasurer may deem appropriate;

(c) A statement that the validity of the bonds and of the voters’ ratification of the bonds may not be affected by any errors in the estimate made pursuant to paragraph (2). If the actual amount of the total debt service for the bonds varies from the estimate, the ratification by the voters is nevertheless conclusive and the validity of the bonds is not affected by reason of the variance; and

(d) A listing of proposed revenue sources if the bonds are to be financed, in whole or in part, by other than general property taxes. (Amended by vote of the people 10-4-94)

§ 6.08. Public records.

Copies of the budget and the capital program as adopted are public records and must be made available to the public at suitable places in the town. (Amended by vote of the people 11-7-17)

§ 6.09. Amendments after adoption.

(1) Supplemental appropriations. If during the fiscal year the manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the council by ordinance may make supplemental appropriations for the year up to the amount of such excess, but not to exceed an aggregate amount of \$125,000. (Amended by vote of the people 6-11-02; Amended by vote of the people 11-7-17)

(2) Emergency appropriations. To meet a public emergency affecting life, health, property or the public peace, the council may make emergency appropriations. Such appropriations may be made by emergency ordinance in accordance with the provisions of § 2.15. To the extent that there are no available unappropriated revenues to meet such appropriations, the council may by such emergency ordinance authorize the issuance of emergency notes, which may be renewed from time to time, but the emergency notes and renewals of any fiscal year must be paid not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made. (Amended by vote of the people 11-7-17)

(3) Reduction of appropriations. If at any time during the fiscal year it appears probable to the manager that the revenues available will be insufficient to meet the amount appropriated, the manager shall report to the council without delay, indicating the estimated amount of the deficit, any remedial action taken and recommendations as to any other steps to be taken. The council shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may, by ordinance, reduce one or more appropriations. (Amended by vote of the people 11-7-17)

(4) Transfer of appropriations. At any time during the fiscal year or within 60 days of the fiscal year closure, the manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the manager, the council may by ordinance transfer a part or all of any unencumbered appropriation balance from one department, office or agency to another. (Amended by the vote of the people 11-6-07; amended by vote of the people 11-5-13)

(5) Limitations; effective date. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption. (Amended by vote of the people 11-6-07)

§ 6.10. Lapse of appropriations.

Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of any such appropriation is deemed abandoned if 3 years pass without any disbursement from or encumbrance of the appropriation. (Amended by vote of the people 11-7-17)

§ 6.11. Administration of budget.

(1) Work programs and allotments. At such time as the manager may specify, each department, office or agency shall submit work programs for the ensuing fiscal year showing the requested allotments of its appropriation by periods within the year. The manager must review and authorize such allotments with or without revision as early as possible in the fiscal year. The manager may revise such allotments during the year if the manager deems it desirable and revise them to be in accord with any supplemental, emergency, reduced or transferred appropriation made pursuant to § 6.09. (Amended by vote of the people 11-7-17)

(2) Payments and obligations prohibited. No payment may be made or obligation incurred against any allotment or appropriation except in accordance with appropriations duly made and unless the manager or designee first certifies that there is a sufficient unencumbered balance in such allotment or appropriation and that sufficient funds therefrom are, or will be, available to cover the claim or meet the obligation when it becomes due and payable. Any authorization of payment or incurring of obligation in violation of the provisions of this charter is void and any payment so made illegal. Such action is cause for removal of any official who knowingly authorized or made such payment or incurred such obligations, and the official is liable to the town for any amount so paid. (Amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)

(3) Issuance of bonds and multi-year contracts. Except where prohibited by law, nothing in this charter may be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, provided that such action was made or approved by ordinance. Where a non-appropriation of funds clause is incorporated into a contract with termination and there is no penalty if not appropriated, and any renewal year is automatic with an approved appropriation, the contract is not considered multi-year. (Amended by vote of the people 10-4-94) (Amended by vote of the people 10-4-94; Amended by vote of the people 11-7-17)